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Water Solutions



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2014 SEP 18 P 4:22

September 18, 2014


Mr. James Armstrong
Chief of Financial & Regulatory Analysis
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

AZ CORP COMMISSION
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Arizona Corporation Commission
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SEP 18 2014

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RE: Docket No. W-02370A-14-0231
Chino Meadows II Water Co., Inc.
Application for Rate Increase
Supplemental Documents as Requested by Commission Staff

Dear Mr. Armstrong:

This letter and supplemental materials attached are being provided in response to a request from Commission Staff.

The following replacement pages from the Short Form Application are attached:

Page 6, Page 13A, Page 13B,
Page 14, Page 18, Page 19,
Page 22, and Page 23

The pages have been updated to correct water sales data and typographical errors that were made when manually transferring data from excel workbook (supplemental schedules) to the required short form schedules. The pages have been marked AMENDED and should replace previously provided documents.

Please contact me directly should any further information or clarification be required to complete the sufficiency review for this application.

Sincerely,



Ray L. Jones

Mr. James Armstrong
September 18, 2014
Page 2



cc: via email - Teresa B. Hunsaker
Public Utility Analyst II
Arizona Corporation Commission

Enclosures:

Page 6, 2nd AMENDED
Page 13A, AMENDED
Page 13B, AMENDED
Page 14, AMENDED
Page 18, AMENDED
Page 19, 2nd AMENDED
Page 22, AMENDED
Page 23, AMENDED

Original and 13 copies filed
By Hand Delivery with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Chino Meadows II Water Co., Inc. (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending 12/31/2013 (mm/dd/yy). The Company had total operating revenues of \$ 358,364, served 899 metered and 0 un-metered customers, and sold 52,975,600 gallons of water during the Test Year.

(from page 19)

(from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 139,014.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 497,378.

The Company is current on all property taxes. ☒ YES ☐ NO

The Company is current on all sales taxes. ☒ YES ☐ NO
(Please see checklist item 2 on page 1.)

The Company currently has a Curtailment Plan Tariff on file with the Commission ☒ YES ☐ NO

The Company currently has a Backflow Prevention Tariff on file with the Commission. ☒ YES ☐ NO

The Company notified its customers of its application for a rate adjustment on _____ (mm/dd/yy). **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)**

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

2nd AMENDED

Company Name: **Chino Meadows II Water Co., Inc.**Test Year Ended: **2013****Plant Additions and Retirements by Year**

Acct. No.	Description	Year <u>2010</u>		Year <u>2011</u>	
		Additions	Retirements	Additions	Retirements
301	Organization	0	0	0	0
302	Franchises	0	0	0	0
303	Land & Land Rights	0	0	0	0
304	Structures & Improvements	0	0	0	0
307	Wells & Springs	0	0	0	0
310	Power Generation Equipment	933	0	5,300	0
311	Pumping Equipment	0	0	0	0
320	Water Treatment Equipment	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0
330	Distribution Reservoirs & Standpipes	0	0	0	0
330.1	Storage Tanks	0	0	0	0
330.2	Pressure Tanks	0	0	0	0
331	Transmission & Distrib. Mains	552	0	36,353	0
333	Services	0	0	0	0
334	Meters & Meter Installations	3,780	0	0	0
335	Hydrants	0	0	0	0
336	Backflow Prevention Devices	0	0	0	0
339	Other Plant & Misc. Equipment	0	0	0	0
340	Office Furniture & Equipment	0	0	0	0
340.1	Computers & Software	5,136	0	0	0
341	Transportation Equipment	(3,412)	3000	14,348	0
343	Tools, Shop & Garage Equip.	324	0	0	0
344	Laboratory Equipment	0	0	0	0
345	Power Operated Equipment	2,813	0	0	0
346	Communication Equipment	5,136 0	0	0	0
347	Miscellaneous Equipment	0	0	0	0
348	Other Tangible Plant	0	0	0	0
	TOTAL WATER PLANT	10,127	3000	56,001	0

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

AMENDED

13 | Page

A

Plant Additions and Retirements by Year

Acct. No.	Description	Year <u>2012</u>		Year <u>2013</u>	
		Additions	Retirements	Additions	Retirements
301	Organization	0	0	0	0
302	Franchises	0	0	0	0
303	Land & Land Rights	0	0	0	0
304	Structures & Improvements	0	0	0	0
307	Wells & Springs	0	0	0	0
310	Power Generation Equipment	6,167	0	0	0
311	Pumping Equipment	0	0	0	0
320	Water Treatment Equipment	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0
330	Distribution Reservoirs & Standpipes	0	0	0	0
330.1	Storage Tanks	0	0	0	0
330.2	Pressure Tanks	0	0	0	0
331	Transmission & Distrib. Mains	0 (268)	0	0	0
333	Services	0	0	0	0
334	Meters & Meter Installations	0	0	1,140	0
335	Hydrants	0	0	0	0
336	Backflow Prevention Devices	0	0	0	0
339	Other Plant & Misc. Equipment	0	0	0	0
340	Office Furniture & Equipment	0	0	0	0
340.1	Computers & Software	4,782	0	189	0
341	Transportation Equipment	0	0	0	0
343	Tools, Shop & Garage Equip.	0	0	0	0
344	Laboratory Equipment	0	0	0	0
345	Power Operated Equipment	2,243	0	1,000	0
346	Communication Equipment	8,757 3,975	0	(130)	0
347	Miscellaneous Equipment	0	0	0	0
348	Other Tangible Plant	0	0	0	0
	TOTAL WATER PLANT	16,899	0	2,199	0

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

AMENDED

Company Name: Chino Meadows II Water Co., Inc.	Test Year Ended: 2013
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Plant Summary

Acct. No.	Description	Plant in Service Per Prior Decision	Total Additions	Total Retirements	Test Year End Total
		<i>Column A</i>	<i>Column B</i>	<i>Column C</i>	<i>Column D*</i>
301	Organization	6863 6,843	0	0	6,843
302	Franchises	0	0	0	0
303	Land & Land Rights	15,204	0	0	15,204
304	Structures & Improvements	44,339	0	0	44,339
305	Collecting & Impounding Reservoirs	4,350	0		4,350
307	Wells & Springs	27,448	0	0	27,448
309	Raw Water Supply Mains	1,009	0		1,009
310	Power Generation Equipment	0	12,401		12,401
311	Pumping Equipment	46,268	0	0	46,268
320	Water Treatment Equipment	6,406	0	0	6,406
320.1	Water Treatment Plants	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0
330	Distribution Reservoirs & Standpipes	51,684	0	0	51,684
330.1	Storage Tanks	0	0	0	0
330.2	Pressure Tanks	0	0	0	0
331	Transmission & Distrib. Mains	268,037	36,637	0	304,674
333	Services	30,067	0	0	30,067
334	Meters & Meter Installations	84,857	0 4,920	0	89,777
335	Hydrants	12,042	0	0	12,042
339	Other Plant & Misc. Equipment	16,728	0	0	16,728
340	Office Furniture & Equipment	9,346	0	0	9,346
340.1	Computers & Software	0	10,107	0	10,107
341	Transportation Equipment	88,633	10,936	3,000	96,569
343	Tools, Shop & Garage Equip.	949	324	0	1,274
345	Power Operated Equipment	25,405	6,056	0	31,461
346	Communication Equipment	22,084	3,845	0	25,929
347	Miscellaneous Equipment	0	0	0	0
348	Other Tangible Plant	0	0	0	0
	TOTAL WATER PLANT	761,698	85,226	3,000	843,924

Note: Please refer to the checklist on page 1 for the required attachments related to this schedule

*** Column D = Column A + Column B - Column C**

AMENDED

WATER USE DATA SHEET

NAME OF COMPANY	Chino Meadows II Water Co., Inc.
ADEQ Public Water System Number:	13-079

MONTH/YEAR (12 Months of Test Year)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)
1. January	884	4,074.9	5,126.8
2. February	898	3,059.4	3,888.7
3. March	894	3,278.5	4,139.5
4. April	894	4,398.8	5,874.5
5. May	892	5,387.6	6,341.9
6. June	899	6,065.6	6,807.6
7. July	898	5,544.9	5,996.9
8. August	896	5,191.2	6,676.8
9. September	895	4,283.7	5,105.0
10. October	894	4,556.2	5,457.1
11. November	901	3,419.5	3,874.4
12. December	899	3,715.1	4,850.4
TOTAL	N/A	52,975.6 *	64,139.7 **

Is the water utility located in an ADWR Active Management Area ("AMA")?

☒ YES ☐ NO

Does the Company have an ADWR gallons per capita day ("GPCD") requirement?

☐ YES ☒ NO

If Yes, please provide the GPCD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact the Engineering Supervisor at 602-542-7277.

** This number must be equal to the number entered on Page 6, "sold gallons."*

*** Gallons pumped cannot equal or be less than the gallons sold.*

AMENDED

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR (ADJUSTED)
461	Metered Water Revenue	\$341,613	\$345,620
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	10,254	12,744
	TOTAL OPERATING REVENUES	\$351,868	\$ 358,364*
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	\$161,652	\$211,665
610	Purchased Water (See page 1, item 5)	219	40
615	Purchased Power (See page 1, item 6)	22,483	24,401
618	Chemicals	1,192	425
620	Repairs and Maintenance (See page 1, item 7)	10,219	8,899
621	Office Supplies and Expense	25,403	30,594
630	Outside Services (See page 1, item 8)	21,695	11,457
635	Water Testing (See page 1, item 9)	4,323	4,791
641	Rents	11,700	0
650	Transportation Expenses	27,359	24,752
657	Insurance – General Liability	9,544	8,964
659	Insurance – Health and Life	1,480	2,667
666	Regulatory Commission Expense – Rate Case	0	13,333
667	Regulatory Expense - Other	10,074	445
670	Bad Debt Expense	0	1,990
675	Miscellaneous Expense	9,623	8,848
403	Depreciation Expense (From page 20)	28,840	20,394
408	Taxes Other Than Income	0 179	0
408.11	Property Taxes (See page 1, item 10)	16,107	18,670
409	Income Tax	50	(6,972)
	TOTAL OPERATING EXPENSES	\$362,140	\$385,362
	OPERATING INCOME/(LOSS)	\$(10,272)	\$(26,997)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	8,045	684
426	Miscellaneous Non-Utility Expenses	0	(5,000)
427	Interest Expense	(1,471)	(896)
	TOTAL OTHER INCOME/(EXPENSE)	\$(72) 6,574	\$(5,212)
	NET INCOME/(LOSS)	\$(24,088) (3,698)	\$ (32,209)

Note: Do not include sales tax in revenue or expense. Please refer to the checklist on page 1 for the required attachments related to this schedule.

** This number must be identical to the number entered on page 6 "total operating revenues."*

2nd AMENDED

BALANCE SHEET (CONTINUED)

	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$1,700	\$1,700
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	19,891	36,500
235	Customer Deposits	11,149	11,740
236	Accrued Taxes	7,776	4,438
237	Accrued Interest	0	0
241	Miscellaneous Current and Accrued Liabilities	16,306	9,066
	TOTAL CURRENT LIABILITIES	\$56,822	\$63,444
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$0	\$0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$0	\$0
252	Advances in Aid of Construction	13,219	\$ 13,219 *
255	Accumulated Deferred Investment Tax Credits	0	0
271	Gross Contributions in Aid of Construction	31,478	\$ 31,478 **
272	Less: Amortization of Contributions	(2,631)	(\$ 11,005)
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	\$42,066	\$33,692
	TOTAL LIABILITIES	\$98,888	\$97,136
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$8,597	\$8,597
211	Paid in Capital in Excess of Par Value	80,266	80,266
215	Retained Earnings	123,244	50,099
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$212,107	\$138,962
	TOTAL LIABILITIES AND CAPITAL	\$423,809 310,995	\$236,098

Note: Account 272 should be subtracted from Total Deferred Credits.

** Must equal page 24, Total Advances in Aid of Constructions*

*** Must equal page 25, Total Advances*

AMENDED

Company Name: **Chino Meadows II Water Co., Inc.**Test Year Ended: **2013****SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt¹**

	LOAN #1*	LOAN #2*	LOAN #3*	LOAN #4*
Date Issued	None	None	None	None
Source of Loan				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Net Proceeds	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$
Authority Granted By ACC Decision No.				

A.R.S. 40-301 requires ACC approval of long-term debt. If the Commission has not approved any of the above loans, then please submit an application requesting approval of the above loans.

Meter Deposit Balance – Test Year

\$ ~~7,646~~ 11,740

Meter Deposits Refunded During the Test Year

\$ 0 6,004

¹ List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed.

AMENDED